

Message Text

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PAGE 01 BRASIL 01407 251147Z
ACTION EB-08

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TO SECSTATE WASHDC 6219
INFO AMCONSUL RIO DE JANEIRO
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TAGS ETRD BR
SUBJECT: ADAPTATION OF US-BRAZIL TEXTILE AGREEMENTS

1. FOLLOWING IS TEXT OF OPERATIVE PARAGRAPHS OF MEMORANDUM
OF UNDERSTANDING INITIALED FEB 24 BY WILLIAM R. BREW, DEPUTY CHIEF/
TEXTILES DIV., AND MINISTER JOSE BOTAFOGO GONCALVES, CHIEF OF
FONMIN'S TRADE POLICY DIV:

2. BEGIN TEXT: REPRESENTATIVES OF THE GOVERNMENTS OF THE FEDER-
ATIVE REPUBLIC OF BRAZIL AND THE UNITED STATES OF AMERICA CONSULTED
IN BRASILIA FROM FEBRUARY 20 TO FEBRUARY 24, 1978, WITH RESPECT TO
TRADE IN TEXTILES BETWEEN BRAZIL AND THE UNITED STATES IN ORDER
TO ADAPT THE EXISTING AGREEMENTS TO THE NEW SYSTEM OF CLASSIFICATION
OF TEXTILES PRODUCTS IN EFFECT IN THE UNITED STATES. THE FOLLOWING
PARAGRAPHS SET OUT THE UNDERSTANDINGS REACHED, AD REFERENDUM, DURING
SUCH CONSULTATIONS WITH RESPECT TO THE AGREEMENTS OF APRIL 22,
1976 CONCERNING COTTON AND MAN-MADE FIBER TEXTILE TRADE (THE "COTTON
AGREEMENT" AND THE "MMF AGREEMENT"). THESE UNDERSTANDINGS ARE SUBJECT
TO MATHEMATICAL VERIFICATION. THE TWO GOVERNMENTS WILL EXCHANGE
NOTES AS PROMPTLY AS POSSIBLE TO GIVE EFFECT TO THE UNDERSTANDINGS.

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PAGE 02 BRASIL 01407 251147Z

-. PARAGRAPH 3 OF THE COTTON AGREEMENT SHALL BE AMENDED TO PROVIDE
GROUPS AS FOLLOWS:

GROUP I: CATEGORIES 300 TO 301
GROUP II: CATEGORIES 310-320
GROUP III: CATEGORIES 330-369

2. PARAGRAPH 4 OF THE COTTON AGREEMENT SHALL BE AMENDED TO READ
AS FOLLOWS:

"WITHIN THE AGGREGATE LIMIT AND THE APPRECIABLE GROUP LIMITS, THE
FOLLOWING SPECIFIC LIMITS SHALL APPLY FOR THE THIRD AGREEMENT
YEAR:

A. GROUP I

CATEGORIES 300-301 9,955,652 LBS

B. GROUP II

CATEGORY 313 17,516,970 SYD
CATEGORY 315 14,769,210 SYD.
CATEGORY 317 6,525,930 SYD.
CATEGORY 319 3,663,680 SYD.
CATEGORY 310 9,502,670 SYD.

C. GROUP III

CATEGORY 337 63,357 DOZ.
CATEGORY 339 212,350 DOZ.
CATEGORY 340 198,881 DOZ.
CATEGORY 345 46,667 DOZ
CATEGORY 347 143,905 DOZ.
CATEGORY 348 97,694 DOZ.
CATEGORY 350 44,940 DOZ
CATEGORY 352 120,754 DOZ.
CATEGORY 363 7,895,862 NUMBERS
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PAGE 03 BRASIL 01407 251147Z

CATEGORY 369 (FLOOR COVERINGS) 497,782 LBS
CATEGORY 369 (OTHER) 904,150 LBS."

3. WITH RESPECT TO PARAGRAPH 7 OF THE COTTON AGREEMENT, THE SPECIFIC
LIMITS SET OUT IN PARAGRAPH 2 ABOVE INCLUDE GROWTH OF 7 PERCENT
OVER SECOND AGREEMENT YEAR LIMITS.

4. WITH RESPECT TO PARAGRAPH 9 OF THE COTTON AGREEMENT, ANNEX
A TO THE COTTON AGREEMENT SHALL BE REPLACED BY THE NEW CATEGORY
SYSTEM AND RATES OF CONVERSION SET OUT IN ANNEX A TO THIS MEMO-
RANDUM.

DURING THE CONSULTATIONS, THE BRAZILIAN DELEGATION EXPRESSED
THAT THE CONVERSION FACTOR OF 25 APPLIED TO CATEGORY 337 OF GROUP III
SHOULD BE REVIEWED BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND REDUCED IN ORDER TO REFLECT THE REALITIES OF BRAZILIAN TEXTILES
EXPORTS UNDER THAT CATEGORY.

5. IN PARAGRAPH 2 OF THE MMF AGREEMENT, THE PHRASE "CATEGORIES
200 THROUGH 243" SHALL BE REPLACED BY THE PHRASE "CATEGORIES
600 THROUGH 669".

6. ANNEX A TO THE MMF NOTE SHALL BE REPLACED BY THE SYSTEM OF
CATEGORIES AND RATES OF CONVERSION SET OUT IN ANNEX B TO THIS
MEMORANDUM. END TEXT.
CRIMMINS

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